

Request for Net Present Value Savings Requirement Exception
School Bond Qualification and Loan Program

Issued under authority of Public Act 92 of 2005.

<p>Check the box(es) that indicate the reason for the exception:</p> <div><input type="checkbox"/> Required by a state or federal agency.</div> <div><input type="checkbox"/> Necessary to reduce or eliminate requirements of ordinances or covenants applicable to the existing security.</div> <div><input type="checkbox"/> Necessary to avoid a potential default on an outstanding security.</div> <div><input type="checkbox"/> Short-term municipal security issued under section 413.</div>	
<p>Describe the basis for this request as it relates to the box(es) checked above.</p>	
<p>Describe the advantages to the school district for refunding outstanding loans.</p>	
<p>Describe how the district intends to disclose this refunding to the taxpayers.</p>	
School District Legal Name	Election Date (if applicable)
Amount of School Bond Loan Fund/School Loan Revolving Fund Loans to be Refunded	
Name and Title of Authorized School District Official	Signature of Authorized School District Official
Telephone Number	Date

Instructions for Form 4509, Request for Net Present Value Savings Requirement Exception

School Bond Qualification and Loan Program Administrative Rule 14 describes the requirements for school districts that intend to refund qualified loans owed to the state.

R 388.14 Refunding qualified loans. Rule 14.

(1) School districts that intend to refund qualified loans owed to the state under the act shall disclose the intent to do so in the information submitted to the electors at the time of the election for the related new money bonds, if any.

(2) If a school district intends to use the proceeds of a qualified bond to refund all or a portion of its outstanding qualified loans, then the school district shall submit pro forma statements prepared by the school district's financial advisor demonstrating that the refunding of the outstanding qualified loans will result in a net present value savings to the school district. A school district may request, in writing, approval of an exception to this requirement, which shall be granted if the department determines that a reasonable basis for the exception exists, as described in MCL 141.2611(2) of the Revised Municipal Finance Act.

(3) For the purposes of calculating the net present value of the principal and interest of the qualified loans being refunded, the interest rate applied shall be the greater of 5% or the historical 5-year average school loan revolving fund loan interest rate as provided by the department.

(4) Qualified bonds issued to refund outstanding qualified loans shall not be issued for a term longer than the projected repayment term of the qualified loans as of the date of the refunding.

School districts must complete this request for Treasury approval of an exception to the net present value savings requirement of this rule. The request should document the specific reasons for this request, as well as the advantages to the school district and should be signed by the district's authorized representative. The Department may request additional information, if needed. Approval of this exception to the rule will not constitute approval of an exception for purposes of MCL 141.2611(2), which must be obtained prior to the issuance of the bonds in accordance with the Revised Municipal Finance Act.

Mail to:

School Bond Qualification and Loan Program
Michigan Department of Treasury
P.O. Box 15128
Lansing, MI 48909

Questions:

School Bond Qualification and Loan Program
(517) 335-0994